

January 27, 2018

TO: Law & Justice Interim Committee

FROM: Nancy L. Schwend

RE: THE PRISON PHONE MARKET IS BROKEN/CenturyLink Contract

The current structure of the prison phone market guarantees exorbitant phone bills. In an ordinary market for goods or services, all stakeholders would have the freedom to select the best rate. The actual consumers in this instance, the families of the incarcerated, have neither the opportunity of input on the contract negotiation, nor are they able to take their business elsewhere.

Commission payments are an inherent component of nearly all phone contracts with emphasis on the commission, or "kickback" rather than the inmate cost. Doing away with the commission incentive would both reduce the price-gouging that incarcerated persons' families suffer and simultaneously contribute to the social good by reducing recidivism.

Director Pai of the FCC has stated that "choice and competition are not hallmarks of life behind bars. Consumer interests are generally disregarded, with the 'kickback' being the driving force".

As delineated by the Prison Policy Institute (PPL), in their 2016 **"Please Deposit All Your Money: Kickbacks, Rates & Hidden Fees In The Prison Phone Industry"**, (Attachment 1) a copy of the executive summary and relevant tables are attached hereto, these monopolies, coupled with no comparable alternative for the inmate, necessarily creates a prime opportunity for exorbitant price gouging. Several unique and deliberate features of the prison phone industry lead to these prices.

1. Each prison system enters into an exclusive contract with a telephone provider, granting them a monopoly in their facility.
2. In all but a few locations, the telephone companies are contractually obligated to pay a large portion of the revenue collected, as high as 84%, back to the correctional facility, thereby increasing the per-minute calling rates. They refer to this kickback as a "commission".
3. In order to collect revenue to make up the money lost to commissions, they add hefty charges through multitudes of extra fees that often nearly double the price of a call. These fees which are non-existent in the ordinary phone market drive inmate telephone costs to an astronomical level.

National rate caps under the FCC will be ineffective at protecting consumers when the industry is free to create additional fees out of thin air, and when are government

agencies ignor definig such fees when submitting a Request for Proposal (RFP). In the absence of oversight, the fees are nothing less than a run away train.

Unless you are calling from the darkest depths of Amazonia, where technology has yet to invade, the price of a phone call is no more of a thought than the air we breathe. The cost of a call from prison, however, can take your breath away, forcing the families to pay an astronomical amount to stay in touch with incarcerated members. This is contrary to the known benefit that affordable phone calls are directly related to the safety and well-being of all communities because communication reduces the likelihood that incarcerated people will commit another offense after their release.

Because the demographics of prison population is largely economically disadvantaged, this predatory system is nothing less than a selective, regressive tax on those who can least afford it. Though the DOC maintains that the kickback goes directly to the inmate welfare fund, I have yet to see any solid evidence of that.

What is even move concerning is that the families, who are one of the 3 stakeholders in this process, and the stakeholder bearing the cost, have no input into the contract (Attachment 2) whereby the state has given a monopoly to the contractor to charge inmates \$.143/minute while CenturyLink in return kicks back \$23,000/month to the DOC. Another concerning factor is that CenturyLink brokers out the service to either ICSolutions or GTL....in this case it's ICSolutions, thus another whole layer of profit is built into the current contract. You have to ask yourself, why did the DOC not contract with ICSolutions directly? It is a requirement of the FCC that all ICS carriers file tariffs and list same on their websites, however CenturyLink has no tarrifs filed. Additionally, inmates are currently being charged a surcharge of \$5.75 for each deposit of up to \$50.00. A \$75.00 deposit will cost you \$11.50 leaving you a balance of \$63.25 for actual phone time.

It is always disconcerting when as citizens, we are bound by different laws than government entities as in this case, where the DOC is basically exempt from anti-trust laws. Those laws were put in place to avoid this very kind of scenario.

With reference to the CenturyLink contract which sets the per/min rate at \$.143, making it in total violation of HB 426's cap of \$.10 per minute, what I find reprehensible is that the DOC is manipulating the language of the bill to line their pockets, by stating that ***"most calls are directly debited from the inmate trust accounts and therefore are NOT CONSIDERED PRE-PAID ACCOUNTS"*** (See Attachment 3), when in fact, every time you put money on your loved one's phone account, it goes into their trust account where it can be used for phone and/or commissary.

In cases where an Inmate may not have a financial support system, they can purchase a prepaid phone card,(with fees attached) with monies in their trust account, which may come from wages or hobby sales. One way or the other, it all comes from their trust account, so to state otherwise is absurd.

The response further states “**Families may set up pre-paid accounts but the most they will be charged...is \$0.14/min with no connect fees**”. This remains to be seen, as the ‘connect fee’ will no doubt simply wear a different face with a very official sounding name in their added fees.

I would also bring to your attention that over half of that 14 cents is for the use of tablets for which every inmate, whether they use the tablets or not, is paying \$.074/min. Using MSP as an example, there were 1472 inmates as of the January 12<sup>th</sup> count for 46 tablets, making the inmate to tablet ratio 57:1, thus it is impossible for every inmate to use them. (The inmate to tablet ration for Women’s Prison is 108:1; Pine Hills is 8:1; Riverside is 42:1 and Lewistown Infirmary is 24:1)

At a purchase price of \$110 for 8GB and \$130 for 40GB, and a wage of \$1.25 to \$4/day, not many will be buying tablets unless they have outside financial support. It is unconscionable to be charging every inmate over \$.07/min for something they may never use, while the contract states that the inmate will be able to use the tablets free of cost.

Following, I address some of creative accounting fees that are added on to the \$.143/min fee stated in the contract.

- Surcharges ~ PPL table 1

<u>Company</u>	<u>Surcharge (per call)</u>	<u>Per minute</u>	<u>Total for 15 minute call</u>
AmTel	not disclosed	not disclosed	not disclosed
Global Tel*Link	\$4.95	\$0.89	\$18.30
ICSolutions	\$4.99	\$0.89	\$18.34
Infinity	\$3.95	\$0.89	\$17.30
Lattice	\$3.95	\$0.89	\$17.30
Legacy	\$4.99	\$0.89	\$18.34
NCIC	\$3.95	\$0.89	\$17.30
Pay Tel	\$3.00	\$0.85	\$15.75
Securus	\$4.99	\$0.89	\$18.34
Telmate	not disclosed	not disclosed	not disclosed

*Table 1. Highest Interstate Rates disclosed in tariffs filed by the prison telephone companies with the FCC or with state regulators. Despite FCC requirements to publish rates on their websites, we were not able to locate the filings for three companies.*

- Payment charges by method ~ PPL table 3

Company	Website	Phone	Western Union Fee	Add'l Company Fee
AmTel	\$6.95	\$10.00	\$9.95	\$0
Global Tel	\$4.75-\$9.50	\$4.75 (automated), \$10.95		\$0
		\$9.50 (live operator)		
ICSolutions	Up to \$6.95	\$4.79-\$8.95	\$5.50	As high as \$6.95
Infinity	\$4.95	\$4.95	not offered	
Lattice	Not offered	\$10.00	\$9.95	\$0
Legacy	\$1.50	\$1.50	\$6.00	As high as \$3.95
NCIC	not offered	Up to \$6.75	\$9.95	\$0
Pay Tel	\$3.00	\$3.00 (automated), \$5.95 (live operator)	\$3.00	
Securus	\$7.95	\$7.95	\$11.95	\$0
Telmate	As high as \$5 + 30.5%	Not available	not offered	

Table 3. Payment charges by method.

- **REFUNDS ~ PPL table 4** Profiting on calls that are never made. When someone is released from prison, families welcome a chance to reconnect. But this event is a chance for prison phone profiteers to celebrate as well by either seizing the balance of the account or charging families hefty fees to recoup their own money.

Company	Fee	Time before balance is forfeited
AmTel	\$0 if balance is over \$5, otherwise no refund	12 Months
Global Tel* Link	\$5.00	90 Days
ICSolutions	\$2.99	6 Months, unless otherwise required by state law.
Infinity Networks	\$5.00	12 Months
Lattice	\$0, if balance is over \$5.00	6 Months
Legacy	\$0 to withdraw, \$5.00 to close the account	12 Months
NCIC	\$2.00-6.75, plus \$10/month inactive account fee	3 Months

Pay Tel months	\$0	Never, automatic refund after 6
Securus	\$4.95	180 Days
Telmate	\$10 may apply" Never/After 60 days, can call and get the money back in the form of a check 6-8 weeks. Before then, can get the credit card or prepaid phonecard.	

**Charges disclosed in tariffs filed with FCC ~ PPL table 5:** Tacking on fees to recoup the commission revenue **DRIVES COSTS ~ While Kicking back \$23,000/ month,** CenturyLink is going to have to find their profit somewhere else, and they do just that in **several ways.** One of the reasons that fees are so profitable to prison phone companies is that fee income is exempt from the phone companies' commission responsibilities. **The Federal Regulatory Cost Recovery Fee** is one of the legitimate fees, however you will note that there is a wide disparity in the charges, meaning that most probably the profiteer is retaining a portion of the charge.

By tacking on additional fees, the prison profiteers have created a new profit source that is safely out of reach of the commission system. Table 5 summarizes a sampling of the monthly charges disclosed by the prison telephone industry in official filings, which can add more than \$12 to the final monthly bill.

Company	Fee	Amount
AmTel	LEC Billing Cost Recovery Fee	\$2.49/month
	Direct Billing Cost Recovery Fee	\$1.50/month
	Printed Statement Fee	\$1.50/month
Global Tel* Link	Federal Regulatory Cost Recv Fee	\$3.49/month for collect calls, up to 8%/call for prepaid calls
	Public Telephone Surcharge	\$0.50/call
	Single Bill Fee	\$3.49/month
	Validation Surcharge	4% of base rate/call
ICSolutions	Bill Statement Fee	Up to \$2.49/month
	Federal Cost Recovery Surcharge	3.2%/call
Infinity Networks	Public Telephone Surcharge	\$0.50/call
	Single Bill Statement Fee	\$2.95/month

	Regulatory Assessment Fee	\$1.95/month
	Wireless Administration Fee	\$1.99/month
Lattice	Bill Statement Fee	\$2.95/month
	Federal Cost Recovery Surcharge	6.1%/call
Legacy	Bill Statement Fee	\$2.50/month
	Carrier Cost Recovery Fee	\$1.95 or 2.50/month
	Network infrastructure Fee	\$2.50/month
	Non Subscriber Fee	\$0.00-7.50/call
	Payphone Surcharge	\$0.56/call
	Premise Impose Fee	\$3.00/call
	Prepaid Wireless Fee	\$9.99/call for calls lasting 15 min or less, additional fee for longer calls
	Regulatory Compliance Fee	\$1.95/month
	Federal USF Cost Recovery Fee	\$0.15 plus 17% of the current Federal Universal Service Fund Surcharge, excluding taxes and fees.
	Regulatory Assessment Fee	\$1.99/month
Pay Tel	Bill Processing Fee	\$2.45/month
Securus	Bill Processing Charge	\$1.49/month
	Billing Statement Fee	\$3.49/month
	Federal Regulatory Recovery Fee	\$3.49/month
	USF Administrative Fee	\$1.00/month
	Wireless Administration Fee	Up to \$2.99/month
Telmate	Bill Statement Fee	\$2.95/month
	Carrier Cost Recovery Fee	\$2.50 at 1 <sup>st</sup> and 5 <sup>th</sup> call
	Regulatory Assessment Fee	\$0.99 at 1 <sup>st</sup> and 5 <sup>th</sup> call

*Table 5. Charge disclosed in tariffs filed with FCC*

Other means by which ICS profiteers recoup their profit to offset kickbacks are numerous.

- **Dropped calls**, whereby the customer pays an additional connect charge should the call be terminated, historically a deliberate action taken by the provider.

- **Single call program** ~ Making fast money on emergency calls. PPL finds that prison telephone profiteers have found a new way to offer expensive collect calls to vulnerable consumers in difficult situations without relying on the recipients' phone companies to process collect call payments. Before each call can be connected, the recipient must first agree to either have \$9.99-\$14.99 "premium message" charged to their phone, or pay by debit or credit card.
- **Some profiteers charge an additional fee**, "up to \$1.99/month per cellphone line on the account.
- **Charging long distance rates** on calls to cell phones.
- **Levying a fine of up to \$25.00** when a 3 way call is detected.

The prison phone industry's embrace of prepaid calling means that the phone companies enjoy the convenience of not having to worry that their low-income customers may not be able to pay their bills. While paying interest or giving a discount might be an appropriate way to thank consumers for paying in advance, the industry instead charges additional fees on top of the high telephone rates simply for keeping the prepaid account open.

The kickbacks, high rates and hidden fees add up to real expenses for consumers, who are primarily low-income families and communities that can least afford such expenses. Fees consume 38% of the \$1.2 billion spent each year on calls from correctional facilities.

Applying the fees charged by industry-leader Global Tel\*Link to the national market, in Table 6 the **Prison Policy Initiative** has produced the first ever estimate of the amount that the families of incarcerated people spend on phone fees every year: \$386 million. According to **Bloomberg Business Week**, prepaid prison phone accounts make up 90% of that \$1.2 billion market.

Annual revenue	\$1,008,000,000
Prepayment fees (19%)	\$191,520,000
Amount left after payments	\$816,480,000
<i>Call fees</i>	
Validation Surcharge (4%)	\$32,659,200
Federal Regulatory Cost Recovery Fee (8%)	\$65,318,400
<i>Monthly charges</i>	
\$3.49 Single bill charges for 2.3 million incarcerated people, per year	\$96,324,000
Amount left for calls (and commissions) after all fees	\$622,178,400

PPI's **table 7**, is some of the official sounding names of fees/taxes that are arbitrarily added as stealth profit to make up for lost revenue through commissions.

Fee	Cost
Carrier Cost Recovery Fee	\$1.95/month, \$2.50/month or \$2.50 at 1st and 5th call
Federal Cost Recovery Surcharge	3.2%/call, 6.1%/call
Federal Regulatory Cost Recovery Fee	\$3.49/month for collect calls, up to 8%/call for prepaid calls
Federal Regulatory Recovery Fee	\$3.49/month
Federal USF Cost Recovery Fee	\$0.15 plus 17% of the current Federal Universal Service Fund Surcharge, excluding taxes and fees.
Network Infrastructure Fee	\$2.50/month
Regulatory Assessment Fee	\$1.95/month, \$1.99/month, \$0.99 at 1st and 5th call
Regulatory Cost Recovery Fee	\$0.95 plus 10% of the price of the call,
USF Administrative Fee	\$1.00/month
Validation Surcharge	4% of base rate/call

I was contacted by a staff member from DOC last week, who told me that they had negotiated the very lowest call rate possible; however I would also note that she assured me that the DOC was getting NO kickback, both of which were blatantly false narrative.. The total lack of transparency, as well as the mindset of antipathy evidenced by the DOC toward inmates is stunning, and it is disingenuous to say that they have "exercised due diligence" in finding the lowest rate possible; it is also disengenuous for them to manipulate the language in HB 426 (Attachment 4), when they know fully well that 90% of inmate accounts are prepaid.

According to the **Prison Phone Justices' "Intrastate Prison Phone Rates,** (Attachment 5) as of 2015 there are 13 state who no longer pay a commission back to the contracting government facility, which is a huge step toward Prison Phone System reform. If the state of Neraska, who doesn't take a kickback, can provide inmates with a 15 minute phone call for 19 cents, Montana should certainly be able to be more competitive than \$2.40.

Profiteering in the prison phone industry is an extremely lucrative business. Golden Sachs purchased Globel Tel\*Link in 2009 for \$345 million; they sold it to American Securities in 2011 for \$1 Billion....that's a \$655 Million return on their investment in two

years. We need to quit viewing prisoners as profit centers. These rates discourage communication between inmates and their families and larger support networks, which negatively impact the millions of children with an incarcerated parent, contribute to the high rate of recidivism in our nation's correctional facilities, and increase the costs of our justice system.

As stated by the Human Rights Defense Center (HRDC), the parent organization of Prison Legal News, "When families cannot pay the cost of phone calls from their incarcerated loved ones, those same families and their communities pay a different kind of price: isolation, stress, decreased rehabilitation and increased recidivism rates. The costs are also literal; many families of people held in prisons, jails and immigration detention centers pay high phone bills at the expense of groceries, medical bills and other necessities."

The last two sessions, it has been very plain that you are truly trying to enact prison reform, and I commend you for your efforts, but there is still much work to do, and I herewith request that the DOC be held to the rates as defined in HB 426, and that all future contracts be diligently negotiated in the best interest of inmates and their families, with the lowest per minute rate, transparency of all fees and prohibiting any commission to be paid.

#1

# PLEASE DEPOSIT ALL OF YOUR MONEY:

KICKBACKS, RATES, AND HIDDEN FEES  
IN THE JAIL PHONE INDUSTRY



DREW KUKOROWSKI, PETER WAGNER & LEAH SAKALA

**PRISON**  
POLICY INITIATIVE

MAY 2013

## ACKNOWLEDGEMENTS

We dedicate this report to the memory of Jon E. Yount and the thousands of incarcerated men and women who have struggled to bring public attention and oversight to the prison telephone industry. We are grateful to Rebecca Young and Michael Fellows for suggesting this report's focus on jails and fees. We thank our individual donors who supported this project with their generosity, allowing us to seize the opportunity to produce this report on a short timeline. This report could never have been completed without the invaluable assistance of Prison Policy Initiative Legal Director Aleks Kajstura. We thank Sadie Gold-Shapiro, our work study Research Associate, for finding the CenturyLink discussion of dropped calls, and Bob Machuga for designing the report cover. We are grateful to our colleagues who shared their expertise with us for this report, including Neelum Arya, Alex Friedmann, Sonia Kowal, Lynnsey Lafayette, Lee Petro, and Bonnie Tenneriello. And finally, we thank the *New York Times* editorial board for coming up with, in an August 31, 2005 editorial, the title of our report.

## ABOUT THE AUTHORS

**Drew Kukorowski** is an attorney and author of the *The Price to Call Home: State-Sanctioned Monopolization in the Prison Phone Industry* (2012). He studied law at the University of North Carolina, earned a M.A. in moral and political philosophy from Tufts University, and studied economics and philosophy as an undergraduate at the University of Maryland at College Park. He is licensed to practice law in Maryland and North Carolina.

**Peter Wagner** is an attorney and Executive Director of the Prison Policy Initiative. His publications include *Importing Constituents: Prisoners and Political Clout in New York* (2002); *The Prison Index: Taking the Pulse of the Crime Control Industry* (2003); and *Breaking the Census: Redistricting in an Era of Mass Incarceration*, 38 William Mitchell L. Rev. 1241 (2012).

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## ABOUT THE PRISON POLICY INITIATIVE

The non-profit, non-partisan Prison Policy Initiative was founded in 2001 to demonstrate how the American system of incarceration negatively impacts everyone, not just incarcerated people. The Easthampton, Massachusetts based organization is most famous for its work documenting how mass incarceration skews our democracy via "prison gerrymandering". Other projects have included groundbreaking reports about sentencing enhancement zones and jail mail restrictions, and online resources that give activists, journalists and policymakers the tools they need to participate in setting effective criminal justice policy.

## FOR MORE INFORMATION

For more information, including copies of this report and links to additional resources, see <http://www.prisonpolicy.org/phones/>.

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## EXECUTIVE SUMMARY

At a time when the cost of a phone call is approaching zero, one population is forced to pay astronomical sums to stay in touch: the families of incarcerated people. For a child to speak with her incarcerated parent, a family member or friend is forced to pay almost \$1 per minute, plus a long list of other fees that easily double the total cost of the call. Faced with phone bills that can total hundreds of dollars, many families have to choose between paying for calls and paying for basic living expenses.

Social science research shows that strong community ties are one of the best predictors of success after release from prison or jail, but the prison telephone market threatens those ties because it is uniquely structured to create a counter-productive cycle of exploitation: prison systems and local jails award the monopoly contracts to the phone company that will charge the highest rates and share the largest portion of the profits. The prisons and jails get their commissions, the phone industry gets the fees, and the families get the hefty bills.

While previous research has documented the unjustifiably high calling rates in the prison phone industry, this report is the first to address in depth the many fees prison phone customers must pay. We find that meaningful regulation of the prison phone industry must stem from a comprehensive analysis of the customers' whole bills, rather than limiting the discussion to addressing the high per-minute calling rates alone.

This report finds that fees have an enormous impact on prison phone bills, making up 38% of the \$1 billion annual price of calling home. This report details the fees that prison phone companies charge for "services" such as:

- accepting customers' money (deposit fees of up to \$10/deposit)
- holding on to customers' money (monthly account fees as high as \$12)
- closing customers' accounts (refund fees of up to \$10)

This report reveals that these fees are but the tip of the iceberg, though, as many other charges are far less transparent. For example, some companies operate "single call programs" that charge customers who do not have preexisting accounts up to \$14.99 to receive a single call from a prison or jail. Some companies have hidden profit-sharing agreements with payment processors such as Western Union,

which are not disclosed to the correctional systems that award contracts. Other companies give their fees government-sounding names, even though the fees are not required by the government and may not even be paid to the government.

Unlike in most industries, bad customer service is a key source of revenue for prison phone companies. For example, most of the industry finds it economically advantageous to use poorly calibrated security systems to drop phone calls and trigger additional connection charges. Other companies show no hesitation to triple the cost of a call made to a local cellphone by charging consumers the more expensive long distance rate.

Previous research has generally focused on the price to call home from state and federal prisons, but we find that limiting the scope to prisons only significantly understates the sheer number of families that must bear the burden of exorbitant phone bills. This report expands the discussion to also include the families and friends of the more than 12 million people who cycle through 3,000 local jails across the country every year. To our knowledge, almost no local jails refuse commission payments in order to make calling home more feasible.

Because the opportunities for consumer exploitation in this broken marketplace are almost endless, regulation by the Federal Communications Commission (FCC) is the only permanent, nationwide solution that would remove the inherent conflicts of interest between the facilities that award monopoly contracts, the companies that execute them, and the families that pay the price.

The FCC should craft a regulatory solution that is based on a comprehensive view of the prison phone industry, taking into account each of the components that contribute to customers' high bills, including fees.

### **The report urges the Federal Communications Commission to:**

1. Impose reasonable rate and fee caps that apply to all prison and jail telephone calls;
2. Ban commission payments in all prison and jail telephone contracts on the grounds that such payments necessarily lead to inflated calling rates and incentivize pernicious fee-collecting practices;
3. Ban all illegitimate fees in the prison and jail phone industry; and

4. Audit legitimate fee collection by prison phone companies to ensure compliance with FCC policy.

Additionally, the report recommends that state and local contracting authorities take measures of their own to rein in the cost of phone calls from jails and prisons.

**County sheriffs, county contracting authorities, and other state prison systems should:**

1. Refuse to accept commissions from telephone companies;
2. If commissions will be accepted, ask the companies hard questions about how their fees are determined before awarding a contract to ensure that fees are fairly assessed and that income that should be subject to the commissions is not hidden as a "fee";
3. Refuse to contract with any company that is not fully transparent about how fees and commissions are calculated.

- facilities. The telephone companies filed their original objections and concerns,[1] and a reply period closed in late April.

We urge state regulators, local contracting authorities, and the Federal Communications Commission to take a comprehensive view of the prison telephone industry. Capping the calling rates is essential; but leaving the fee structure untouched would allow the dominant companies in the industry to, with the stroke of a pen, instantly restore their monopoly profits at the consumers' expense.

—Peter Wagner  
Executive Director  
Prison Policy Initiative  
May 8, 2013

## Introduction

Making it harder for incarcerated people to stay in touch with people outside prison and jail harms incarcerated people, their families and communities, and society at large. Affordable phone calls are directly related to the safety and well-being of all communities because communication reduces the likelihood that incarcerated people will commit another offense after their release.[2] This uncontroversial proposition has been endorsed by Congress,[3] the American Bar Association,[4] the American Correctional Association,[5] the federal Bureau of Prisons,[6] state legislatures,[7] and state regulatory agencies.[8] Unfortunately, opportunities for government and private profit from prison telephone calls are clouding out this common-sense principle, and communities are suffering to fill the phone industry's coffers.

Speaking to each other over the phone is a lifeline for incarcerated people and their families,[9] but maintaining such a relationship is almost impossible when the cost of phone calls is outrageously high. Table 1 illustrates that a brief 15-minute phone call from a prison or jail often costs more than \$17[10] — a disturbing anomaly in the era of unlimited long-distance plans for only \$52.99 a month.[11] The bills for prison phone calls are not borne by incarcerated persons;[12] almost all calls emanating from correctional facilities are either collect calls or are pre-paid by family members on the outside who have set up an account with a private telephone company.

Table 1. Highest Interstate Rates disclosed in tariffs filed by the prison telephone companies with the FCC or with state regulators. Despite FCC requirements to publish rates on their websites, we were not able to locate the filings for three companies. Sources: See [endnote 10](#) and exhibits 8, [34-37](#), [39-40](#), [42-44](#).

Company	Surcharge (per call)	Per minute	Total for 15 minute call
AmTel	not disclosed	not disclosed	not disclosed
Global Tel*Link	\$4.95	\$0.89	\$18.30
ICSolutions	\$4.99	\$0.89	\$18.34
Infinity	\$3.95	\$0.89	\$17.30
Lattice	\$3.95	\$0.89	\$17.30
Legacy	\$4.99	\$0.89	\$18.34
NCIC	\$3.95	\$0.89	\$17.30
Pay Tel	\$3.00	\$0.85	\$15.75
Securus	\$4.99	\$0.89	\$18.34
Telmate	not disclosed	not disclosed	not disclosed
Turnkey Corrections	not disclosed	not disclosed	not disclosed

Several unique and deliberate features of the prison phone industry\* lead to these prices. First, each prison system or local jail enters into an exclusive contract with a telephone company, granting that telephone company a monopoly in the state prisons or at the local jail.[13] Second, in all but a few locations, the telephone companies are contractually obligated to pay a large portion of the revenue collected back to the correctional facility, thereby increasing the per-minute calling rates.[14] Such kickbacks are known as “commissions.”[15] Third, in order to collect revenue to make up the money lost to commissions, prison telephone companies add hefty charges through multitudes of extra fees that often nearly double the price of a call. These fees — the vast majority of which do not exist in the ordinary telephone market — drive the telephone bills charged to people with incarcerated loved ones to astronomical levels.

\* This report is the first to include an in-depth analysis of the companies that concentrate on one corner of the correctional telephone market: local jails. But for simplicity's sake, this report will continue to use the term “prison phone industry” as a generic term to encompass these companies. Separate from that phrase, we'll use the criminal justice terms of art “prison”, “jail”, and “correctional facility” where that specificity is relevant.

Previous discussions about prison phone industry regulation have briefly mentioned the “ancillary” fees<sup>[66]</sup> that often appear on phone bills, but the wide range of fees and the sheer volume of the charges merit individual treatment. This section provides an overview of the industry’s hidden fees, covering prepayment fees, refund fees, account fees, and single call fees.

## Profiting on prepayment

The prison phone industry wastes no time in subjecting the consumer to a barrage of fees. After charging initial fees to open accounts,<sup>[67]</sup> the prison telephone industry charges additional fees for the simple “service” of accepting the customer’s money. As the following table illustrates, these fees can be substantial regardless of whether the transactions take place via the internet, the telephone, or Western Union. (See Table 3.) The companies charge up to \$9.50 to pay over the internet, up to \$10 to pay by phone and up to \$12.45 to pay via Western Union.

Table 3. Payment charges by method. Sources: [Exhibit 26](#). For Telmate, see the discussion surrounding Table 7 and Table 8.

Company	Website	Phone	Western Union	
			Western Union Fee	Additional Phone Company Fee
AmTel	\$6.95	\$10.00	\$9.95	\$0
Global Tel*Link	\$4.75-\$9.50	\$4.75 (automated), \$9.50 (live operator)	\$10.95	\$0
ICSolutions	Up to \$6.95	\$4.79-\$8.95	\$5.50	As high as \$6.95
Infinity Networks	\$4.95	\$4.95	not offered	
Lattice	not offered	\$10.00	\$9.95	\$0
Legacy	\$1.50	\$1.50	\$6.00	As high as \$3.95
NCIC	not offered	Up to \$6.75	\$9.95	\$0
Pay Tel	\$3.00	\$3.00 (automated), \$5.95 (live operator)	\$5.95	\$0
Securus	\$7.95	\$7.95	\$11.95	\$0
Telmate	As high as \$5 + 30.5%	We were quoted higher fees than website payments, but lower taxes.	not offered	
Turnkey Corrections	\$8.00	\$8.00	not offered	

Many prison phone companies have designed their systems and rules to maximize the collection of fees. TurnKey Corrections, AmTel, and ICSolutions structured their payment systems to maximize the number of small payments made with a fixed high “convenience” fee. TurnKey will accept up to \$400 in a one-month period, but only allows individual deposits of up to \$150, each with an \$8 deposit fee.<sup>[68]</sup> Similarly, AmTel will accept up to \$250 per week, but charges \$6.95-\$10.00 to make a maximum individual payment of up to \$100,<sup>[69]</sup> and ICSolutions will accept \$275 per month, but charges \$6.95 to make a payment of up to \$50.<sup>[70]</sup> TurnKey makes it clear that it intends to facilitate frequent small payments with accompanying high fees by asking the purchaser, during the online payment process to “Please enter today’s amount,” followed by an advertisement for a TurnKey smartphone money deposit app that encourages even more on-the-go payment fee generation.<sup>[71]</sup>

**Many prison phone companies have designed their systems and rules to maximize the collection of fees.**

Prison phone companies’ relationships with payment companies also offer opportunities to rake in revenue from high charges that disproportionately burden low-income families that do not have bank accounts.<sup>[72]</sup> Western Union fees, for example, vary from \$5.95 to \$11.95 for no apparent reason other than to act as a stealth profit center for the phone companies. The differences between the charges are initially confusing, but informative upon investigation. Four observations each suggest that Western Union is sharing a portion of its fees with the prison phone companies:

- Western Union is consistently charging consumers far more to send payments to the prison telephone industry than it does for payments elsewhere. The fee to send payments to most other companies ranges from \$1.50-\$3.00.<sup>[73]</sup>
- There is tremendous diversity in how much the Western Union charges. Western Union charges only \$5.50-\$6.00 to send payments to Pay-Tel, ICSolutions, and Legacy, although both ICSolutions and Legacy charge an additional fee to accept the payment from Western Union. Three prison telephone companies demonstrated that it is possible for a prison phone company to negotiate a lower fee from Western Union.
- Of the three companies where the fee charged by Western Union is relatively low, two companies charge an additional payment fee that entirely erases the savings to the customer.<sup>[74]</sup>

- Western Union charges the customers of Global Tel\*Link and Securus — the prison phone market leaders — the highest rates. It strains all credible belief to think that Global Tel\*Link, a company that brags in its most recent FCC filing that, as “one of the largest providers in the market, it has economies of scale and efficiency that enable [it] to pay high commissions ... [and simultaneously] charge lower rates,”<sup>[75]</sup> somehow lacks sufficient negotiating power to ensure that Western Union does not force Global Tel\*Link customers to pay higher-than-average fees.<sup>[76]</sup>

Finally, prepayment fees are a significant burden on consumers even where they are not permitted. Massachusetts provides a prime example where Global Tel\*Link conceded that the payment fees are intertwined with the rates: payment fees are prohibited by Global Tel\*Link’s contract with the Massachusetts Department of Correction, but the phone company’s computer system couldn’t waive the fees for just Massachusetts, so the company cut the rates by an equivalent amount. Massachusetts valued the cost of the deposit fees at 19%.<sup>[77]</sup>

### Profiting on calls that are never made

When someone is released from prison or jail, families welcome the chance to reconnect. But this event is a chance for prison telephone company profiteers to celebrate as well by either seizing the balance left over in a phone account or charging customers hefty fees to recoup their own money.

As Table 4 shows, the charge to refund money can be as much as \$10, and prison phone companies have a wide range of policies about if, how, and when a customer can claim his or her funds. While a few companies claim that money can be left in an account indefinitely, most seize the funds within a few months after release.<sup>[78]</sup> Generally speaking, the larger companies have the most restrictive policies. Depending on the source, Telmate either charges the highest refund fee (\$10), or bars refunds as a matter of policy, and Global Tel\*Link has one of the shortest deadlines to claim unused funds before they are seized.<sup>[79]</sup>

Table 4. Refund policies, For sources, see [Exhibit 27](#). (Telmate provides very contradictory information on refund policies.)

Company	Fee	Time before balance is forfeit
AmTel	\$0 if balance is over \$5, otherwise no refund	12 Months
Global Tel* Link	\$5.00	90 Days
ICSolutions	\$2.99	6 Months, unless otherwise required by state law.
Infinity Networks	\$5.00	12 Months
Lattice	\$0, if balance is over \$5.00	6 Months
Legacy	\$0 to withdraw, \$5.00 charge to close the account officially.	12 Months
NCIC	\$2.00-6.75, plus \$10/month inactive account fee	3 Months
Pay Tel	\$0	Never, automatic refund after 6 months
Securus	\$4.95 (no refund if account balance is less than \$4.95)	180 Days
Telmate	“processing fee of \$10 may apply”	Never/After 60 days, can call and get the money back in the form of a check 6-8 weeks. Before then, can get the credit card or prepaid card.
Turnkey Corrections	n/a	On release. “There is no cash value for the inmate upon release”

Immigration detainees pay particularly high price for these refund policies, as detained immigrants are often transferred between facilities and funds for telephone use in one facility will not work if the second facility uses a different company. Community Initiatives for Visiting Immigrants in Confinement (CIVIC) aptly discusses this problem in its Wright Petition Comments to the FCC.<sup>[80]</sup>

### Making money on holding customers’ money

The prison phone industry’s embrace of prepaid calling means that the phone companies enjoy the convenience of not having to worry that their low-income customers may not be able to pay their bills. While paying interest or a giving a discount might be an appropriate way to thank consumers for paying in advance, the industry instead charges additional fees on top of the high telephone rates simply for keeping the prepaid account open.

Table 5 summarizes a sampling of the monthly charges disclosed by the prison telephone industry in official filings, which can add more than \$12 to the final monthly bill. These charges are clearly not the entire universe of recurring account fees. For example, Infinity charges “up to \$1.99/month” if one or more wireless numbers are added to the account. Infinity’s wireless

number fee is not disclosed in the published tariffs, but rather is revealed only after a customer creates an account with the company. Similarly, Global Tel\*Link reveals on its website — but not in the tariffs we reviewed — that it charges \$2.50 for each paper statement.<sup>[81]</sup>

Table 5. Charges disclosed in tariffs filed by the prison telephone companies with the FCC or with state regulators. Sources: See [Exhibit 48](#).

Company	Fee	Amount
<b>AmTel</b>	LEC Billing Cost Recovery Fee	\$2.49/month
	Direct Billing Cost Recovery Fee	\$1.50/month
	Printed Statement Fee	\$1.50/month
<b>Global Tel* Link</b>	Federal Regulatory Cost Recovery Fee	\$3.49/month for collect calls, up to 8%/call for prepaid calls
	Public Telephone Surcharge	\$0.50/call
	Single Bill Fee	\$3.49/month
	Validation Surcharge	4% of base rate/call
<b>ICSolutions</b>	Bill Statement Fee	Up to \$2.49/month
	Federal Cost Recovery Surcharge	3.2%/call
<b>Infinity Networks</b>	Public Telephone Surcharge	\$0.50/call
	Single Bill Statement Fee	\$2.95/month
	Regulatory Assessment Fee	\$1.95/month
	Wireless Administration Fee	\$1.99/month
<b>Lattice</b>	Bill Statement Fee	\$2.95/month
	Federal Cost Recovery Surcharge	6.1%/call
<b>Legacy</b>	Bill Statement Fee	\$2.50/month
	Carrier Cost Recovery Fee	\$1.95 or 2.50/month
	Network infrastructure Fee	\$2.50/month
	Non Subscriber Fee	\$0.00-7.50/call
	Payphone Surcharge	\$0.56/call
	Premise Impose Fee	\$3.00/call
	Prepaid Wireless Fee	\$9.99/call for calls lasting 15 min or less, additional fee for longer calls
<b>NCIC</b>	Regulatory Compliance Fee	\$1.95/month
	Billing Cost Recovery Fee	\$2.95/month
	Regulatory Cost Recovery Fee	\$0.95 plus 10% of the price of the call, excluding taxes and fees, not to exceed \$3.50 per call.
	Federal USF Cost Recovery Fee	\$0.15 plus 17% of the current Federal Universal Service Fund Surcharge, excluding taxes and fees.
<b>Pay Tel</b>	Regulatory Assessment Fee	\$1.99/month
	Bill Processing Fee	\$2.45/month
<b>Securus</b>	Bill Processing Charge	\$1.49/month
	Billing Statement Fee	\$3.49/month
	Federal Regulatory Recovery Fee	\$3.49/month
	USF Administrative Fee	\$1.00/month
	Wireless Administration Fee	Up to \$2.99/month
<b>Telmate</b>	Bill Statement Fee	\$2.95/month
	Carrier Cost Recovery Fee	\$2.50 at 1st and 5th call
	Regulatory Assessment Fee	\$0.99 at 1st and 5th call

### Making fast money on emergency calls

The prison telephone industry has found a new way to offer expensive collect calls to vulnerable consumers in difficult situations without relying on the recipients' phone companies to process collect call payments: charging expensive single call fees.

Before such a call can be connected, the recipient must first agree to either have a \$9.99 to \$14.99 “premium message” charged to their cellphone, or to pay that amount by credit or debit card.<sup>[82]</sup>

Such “single call programs”<sup>[83]</sup> are particularly attractive to jails — facilities that generally process a high volume of individuals who are detained for only a brief period of time while making arrangements to secure bail or bond. Single call

- programs are also often used when an incarcerated person needs to call someone who may not already have a prepaid account, or someone whose phone provider does not already have a billing relationship with the prison phone company.[84]

Determining the prevalence of these “single call” programs is difficult because they were not disclosed in any of the tariffs that we reviewed on phone service provider websites. That omission may be standard in the industry, as neither of the two places where the practice received the most public attention — Securus’s program in Chicago[85] and Telmate’s in Alabama[86] — are disclosed in the relevant state tariffs. In any event, it is well established that the practice of “single call fees” is common in the industry, as one company observes in their most recent FCC filing that “many” prison phone companies operate such programs. [87]

### National: 38 cents on every prison phone dollar may be going to fees

The kickbacks, high rates and hidden fees in the prison phone industry add up to real expenses for consumers, who are primarily concentrated in the low-income communities that can least afford such expenses.

Applying the fees charged by industry-leader Global Tel\*Link to the national market, in Table 6 we produce the first ever estimate of the amount that the families of incarcerated people spend on phone fees every year: \$386 million.[88]

Table 6. Estimates of the amount of fees collected by the prison phone industry by applying the fees charged by Global Tel\*Link to the entire market. Sources: see endnote 88.

	Annual amount
Prepaid prison phone market (90% of \$1.2 billion prison phone market according to Bloomberg BusinessWeek)	\$1,008,000,000
Prepayment fees (19%)	\$191,520,000
Amount left after payments	\$816,480,000
<i>Call fees</i>	
Validation Surcharge (4%)	\$32,659,200
Federal Regulatory Cost Recovery Fee (8%)	\$65,318,400
<i>Monthly charges</i>	
\$3.49 Single bill charges for 2.3 million incarcerated people, per year	\$96,324,000
Amount left for calls (and commissions) after all fees	\$622,178,400

That’s 38 cents on the dollar that could be going to actual phone calls or other important needs that instead lines the corporate pockets of the prison phone industry.

### Clouding Transparency to Maximize Revenue from Disempowered Consumers

Beyond charging high rates and fees, there are a number of practices that the prison telephone industry uses to maximize profits while discouraging oversight and informed consumer consent. Some practices might be illegal and many are unethical, but all are good for the corporate bottom line. Here we review three such practices: collecting fees under the guise of taxes, using allegations of prohibited three-way calls as a revenue source, and arbitrarily charging more for calls made to cellphones.

### Collecting fees under the guise of taxes

While preparing the tables about deposit fees and recurring fees, we discovered two disturbing phone company practices. First, many of the company fees charged to consumers are given misleading official-sounding names, and second, that Telmate’s practice of collecting fees on deposits raises a series of questions about the true purpose of these fees.

As shown in account fees section above, all prison telephone companies charge fees for having accounts. Many of these fees are disguised by official-sounding names, but the majority (if not all) do not appear to be actually required by the government. (See

**Fees consume 38% of the \$1 billion spent each year on calls from correctional facilities**

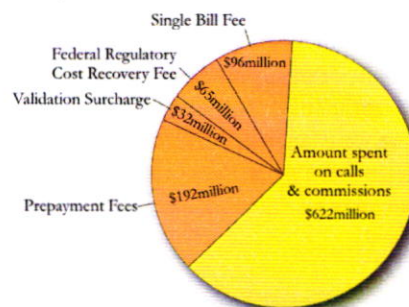


Table 7.)

Table 7. Some of the fees with official sounding names from Table 5 Tariffed Account Fees. For a detailed list of each fee by company and the rationale offered by each company for the fee, see [Exhibit 48](#).

Fee	Cost
Carrier Cost Recovery Fee	\$1.95/month, \$2.50/month or \$2.50 at 1st and 5th call
Federal Cost Recovery Surcharge	3.2%/call, 6.1%/call
Federal Regulatory Cost Recovery Fee	\$3.49/month for collect calls, up to 8%/call for prepaid calls
Federal Regulatory Recovery Fee	\$3.49/month
Federal USF Cost Recovery Fee	\$0.15 plus 17% of the current Federal Universal Service Fund Surcharge, excluding taxes and fees.
Network Infrastructure Fee	\$2.50/month
Regulatory Assessment Fee	\$1.95/month, \$1.99/month, \$0.99 at 1st and 5th call
Regulatory Cost Recovery Fee	\$0.95 plus 10% of the price of the call,
USF Administrative Fee	\$1.00/month
Validation Surcharge	4% of base rate/call
Wireless Administration Fee	\$1.99/month

To be sure, some of these fees represent real assessments made by the federal government. None, however, are required to be passed on to consumers. “Although not required to do so by the government,” the FCC notes on its website, “many carriers choose to pass their contribution costs [to the Universal Service Fund] on to their customers in the form of a line item.”<sup>[89]</sup> Other companies, including some companies in the prison phone industry, clearly choose to absorb this particular government assessment and write it off as a cost of doing business. Many of the other fees, based on their titles and justifications described in [Exhibit 26](#), could be summarized as “the legal costs of complying with the law.”

We note that no company outside of the monopoly context would tell consumers that simply complying with the law carries an extra charge.

**No company outside of the monopoly context would tell consumers that simply complying with the law carries an extra charge.**

Ideally, the FCC will choose to regulate all of these fees. But, at a minimum, the FCC could start by auditing Universal Service Fund recovery fees collection to ensure that consumers are not paying the companies more than the companies are paying to the Universal Service Fund.

The fact that Telmate collects these charges as part of the *prepayment* process, however, requires additional comment. Telmate combines these fees with the deposit charge, and then, on the receipts given to consumers, claims that the entire fee is of a regulatory or tax nature. There is no disclosure of the individual “local, county, state and federal surcharges and regulatory assessments.” Because Telmate considers prepayment non-refundable, government agencies should question whether the collected “taxes” are turned over to the government when unused balances are forfeited to Telmate.<sup>[90]</sup>

Ironically, Telmate provides an ideal case study of the importance of fee transparency: The company’s website offers a handy calculator for the fees added to a \$20 deposit to each facility they serve, but when we put all of the different fees together in a list, we were left with even more questions about the nature of these fees. Table 8 contains a sampling of the jurisdictions that contract with Telmate for telephone service (and, in some cases, for the occasionally parallel business of providing inmate commissary management), a list of the fees and taxes charged, and then our calculation of the effective fee percentage on a \$20 payment.

Table 8. A sampling of the fees charged by Telmate to process payments made on their website, along with a calculation of the effective fee added to each \$20 payment. In general, Telmate charges a higher deposit fee when the “local, county, state and federal surcharges, as well as mandatory regulatory assessments” are lower, and a lower deposit fee when the “local, county, state and federal surcharges, as well as mandatory regulatory assessments” are higher. But there are exceptions at both extremes, such as high flat fees and high percentage charges in the Sevier County (Utah) Jail and low flat fees and no percentage charge in Coos County Oregon, or no fees and no surcharge at Dawson Correctional Facility in Montana. Source: [Exhibit 50](#).

State <input type="checkbox"/>	Facility <input type="checkbox"/>	Deposit Type <input type="checkbox"/>	Flat fee <input type="checkbox"/>	Percentage fee <input type="checkbox"/>	Fee charged on \$20 deposit <input type="checkbox"/>	Effective percentage added to \$20 payment <input type="checkbox"/>
AL	Albertville PD	prepaid calls	\$0	29.5%	\$5.89	29.45%
AL	Arab Police Department	prepaid calls	\$0.50	32.5%	\$6.99	34.95%
AL	Boaz City	prepaid calls	\$0.50	29.5%	\$6.39	31.95%
AZ	Santa Cruz County Jail	prepaid calls	\$5.95	9.0%	\$7.75	38.75%
CA	Carl F Bryan Juvenile Hall (Nevada Co) CA	prepaid calls	\$4.95	9.0%	\$6.75	33.75%

WA	Chelan County WA	prepaid calls	\$5.95	8.5%	\$7.65	38.25%
WA	Chelan County WA	trust	\$5.95	9.0%	\$7.75	38.75%
WA	Skagit County, WA	prepaid calls	\$4.95	9.0%	\$6.75	33.75%
WA	Thurston County Corrections WA	prepaid calls	\$0.50	30.5%	\$6.60	33.00%
WY	Albany County, WY	prepaid calls	\$5.95	9.0%	\$7.75	38.75%
WY	Sheridan County WY	prepaid calls	\$5.95	8.5%	\$7.65	38.25%

It immediately becomes clear that the fees are a substantial portion of every payment, but four additional factors each independently suggest that these are arbitrary company fees and not mandatory government taxes:

- Telmate already charges for some of these fees on a monthly basis (Carrier Cost Recovery Fee \$2.50-\$5/month, and a Regulatory Assessment Fee of \$0.99-\$1.98/month), which raises concern that the company may be collecting these arbitrary fees twice: once on deposit in advance, and then again each month. (See Table 5 for Telmate's monthly fees.)
- On the receipt page that appears after making a payment, Telmate lists the entire charge as "Regulatory Fees," and then in an asterisk says, "Fees include local, county, state and federal surcharges, as well as mandatory regulatory assessments." Telmate does this even if the deposit fee is the majority of the assessment. [91]
- The discrepancies between counties in the same state suggest that the "taxes" are negotiated profit, not government fees. For example, people making deposits in Fillmore County, Nebraska are charged "local, county, state and federal surcharges, as well as mandatory regulatory assessments" of 8%, but in Buffalo County, Nebraska, it's 30.5%. The difference could be that Buffalo County (population 46,690) taxes phone calls more aggressively than almost any other locality serviced by Telmate, but the more likely explanation is that deposit fees were negotiated down to \$0.50 in Buffalo but Fillmore County has the more typical deposit charge of \$5.95.
- Telmate gave us different rate and "tax" quotes on two occasions, but the overall charge came out to the exact same amount. When we called Telmate to inquire about the charges to make a payment by credit card over the phone to Fayette County, Texas, we were quoted a different fee and a different "tax" that produced exactly the same charge. Rather than the fixed \$5 fee of the website, we were quoted \$6.40 for a \$20 payment, and \$7.80 for a \$40 payment. We were quoted a tax of \$4.70 or \$9.40, respectively, for these payments, which comes to 23.5%, less than the 30.5% "local, county, state and federal surcharges, as well as mandatory regulatory assessments" charged on the website. (See Table 9.)

Table 9. Telmate deposit and "tax" fee quotes by payment method. While there is no conceivable reason why the "taxes" would vary by payment method, it is worth noting that the total costs come out the same regardless of payment method. Source: [Exhibit 49](#).

Deposit	Fee	"Taxes"	Total Additional Charge
\$20 via phone	\$6.40	\$4.70	\$11.10
\$20 via website	\$5.00	\$6.10	\$11.10
\$40 via phone	\$7.80	\$9.40	\$17.20
\$40 via website	\$5.00	\$12.20	\$17.20

## Gleaning revenue from faulty "features" and bad customer service

Monopoly contracts allow phone companies to find ways to turn poor service into direct profit. One example is the misuse of legitimate facility security rules banning unapproved 3-way conferencing[92] as an excuse to drop calls, and require customers to pay new connection fee to call back and resume the conversation. Prison phone companies hotly dispute the implication that they deliberately drop calls to increase revenue, but the companies cannot credibly claim that their self-interest is in making sure that the security procedures are not triggered inappropriately.

**Monopoly contracts allow phone companies to find ways to turn poor service into direct profit.**

This controversy is a quintessential illustration of the misaligned incentives in the prison telephone market: The prison systems contractually require certain security procedures, and the phone company implements them. Even assuming that phone companies never maliciously drop calls just to generate a new connection fee, there is simply no incentive under the contracts to take any action to minimize — or even monitor — mistaken detections of three way calls.[93]

Indeed, the record reflects that the industry is prioritizing its interests and that of the correctional facilities over the people who pay the bills:

- In Florida, the prison telephone companies refused to cooperate with an investigation of alleged improper dropping of calls. Facing a potential in \$6 million in refunds and \$1.3 million in fines, the companies hid documents and delayed

#2

## INMATE COMMUNICATION SERVICES COR-2017-0041T

**THIS CONTRACT** is entered into by and between the State of Montana, Department of Corrections, (State), whose address and phone number are PO Box 201301, Helena, MT 59620-1301, 406-444-3930 and CenturyLink Public Communications, Inc. (Contractor), whose address and phone number are 600 New Century Pkwy, New Century, KS 66031 and 913-353-7430.

### 1. EFFECTIVE DATE, DURATION, AND RENEWAL

**1.1 Contract Term.** The Contract's initial term is upon contract execution, through April 30, 2020, unless terminated earlier as provided in this Contract. In no event is this Contract binding on State unless State's authorized representative has signed it. The legal counsel signature approving legal content of the Contract and the procurement officer signature approving the form of the Contract do not constitute an authorized signature.

**1.2 Contract Renewal.** State may renew this Contract under its then-existing terms and conditions in one-year intervals, or any interval that is advantageous to State. This Contract, including any renewals, may not exceed a total of ten years.

### 2. SERVICES AND SUPPLIES

Contractor agrees to install and provide to State an Inmate Communications System (ICS) and subsequent services per the specifications as detailed in the response to the Request for Proposal COR-RFP-2017-0041T and Contractor's response to COR-RFP-2017-0041T.

**2.1 Facilities and Video Visitation.** The locations and number of Video Visitation stations initially required are listed below, but may be adjusted during the course of the contract. Contractor shall adjust the number of inmate Video Visitation stations as needed, during the term of the contract, and at no cost to State.

Facility	Address	# Inmate Video Visitation	Portable Video Visitation Station
Montana State Prison (MSP)	500 Conley Lake Rd Deer Lodge MT, 59722	34	12
Montana Women's Prison (MWP)	701 South 27 <sup>th</sup> Billings, MT 59101	0	2
Pine Hills Correctional Facility (PHYCF)	4 N Haynes Miles City, MT 59301	4	1
Riverside Correctional Facility (RYCF)	3700 Hwy 69, Bldg 13 Boulder, MT 59632	0	1
Lewistown Infirmary	800 Casino Creek Drive Lewistown, MT 59457	0	1

**2.2 Facilities and Telephones.** The locations and number of telephones initially required are listed below, but may be adjusted during the course of the contract. Contractor shall adjust the number of inmate telephones or to relocate existing telephones, as needed and at no cost to MDOC.

Facility	Address	# Inmate Telephones	Portable Telephones	TTD/TTY
Montana State Prison (MSP)	500 Conley Lake Rd Deer Lodge MT, 59722	100	8	3
Montana Women's Prison (MWP) <b>Multi-Function Kiosks</b>	701 South 27 <sup>th</sup> Billings, MT 59101	18	1	1
Pine Hills Correctional Facility (PHYCF)	4 N Haynes Miles City, MT 59301	5	0	1
Riverside Correctional Facility (RYCF) <b>Multi-Function Kiosks</b>	3700 Hwy 69, Bldg 13 Boulder, MT 59632	2	0	1
Lewistown Infirmary	800 Casino Creek Drive Lewistown, MT 59457	0	2	1

**2.3 Investigative Suite.** Contractor shall install and implement Investigative Services to include:

- The Verifier as the Enforcer's inmate voice biometrics module.
- Inmate Inter-Communications Evaluation and Reporting System (ICER)
- Argus Echo continuous voice identification
- Argus CRIMES case management to be implemented by mutual agreement
- Data Detective intelligence tools
- Location Based Services – will be provided at an administrative level and not globally for all calls.
- Contraband Cell Phone Detection
- Investigative Reporting Capabilities

**2.4 Commissary and Online Grievances.** Commissary orders shall be accommodated by phone, by kiosk, and by tablet. The system shall interface with the Cashless Commissary and Trust Accounting (CACTAS) offender banking system for commissary ordering.

Online Grievances will be available by kiosk, or by tablet. The kiosks should be able to accommodate inmate kites (staff communication to/from inmates) and medical kites as necessary. State shall assign staff users to the system as needed throughout the facility with the system roles needed to receive and answer inmate kites.

State reserves the right to load all department content to be available on the tablets and kiosks including the inmate handbook and PREA guidelines. In addition, the Lexis Nexis legal library shall be made available on the Edovo tablets. State also reserves the right to provide customized messages and notifications to inmates when necessary.

**2.5 Pre-Paid Debit Cards for Post Release Assistance.** Contractor shall implement the Access Corrections Debit Release Card System. Pre-Paid Debit Cards integrate with the CACTAS system. Contractor shall provide informational pamphlets to all cardholders with each card outlining all fees associated with the program. Fees associated with this program are not the responsibility of the State.

**2.6 Tablets.** Contractor shall provide the Edovo Tablet solution to State to be checked out by the inmates. Edovo tablets shall include an Edovo Connect appliance and firewall at each participating facility to maintain connectivity to the Edovo Private Cloud and shall include a charging station to accommodate all units.

Contractor shall supply a Keefe tablet solution for music and game downloads to State that will be for purchase by the inmates. Inmates with existing MP3 players will receive Keefe tablets at no charge from the Contractor upon implementation. Songs shall be available for download to Keefe tablets. Upon implementation and once the existing player has been turned in or the MP3 players mortality has expired, previously purchased/downloaded music shall be transferred to Keefe tablets at no charge.

Tablets shall not include e-messaging capabilities, video call capabilities, or movie downloads. However, State reserves the right to add these additional services at a later day if deemed appropriate.

**2.7 Additional Language.** The Department would like to incorporate the following additional language:

- All data and content is the property of the State with the exception of any content subject to digital media rights, copyright, or other existing licensing agreements.
- All system upgrades will be provided to State free of charge within 60 days of release;
- State reserves the right to amend the contract at any time to add additional features and services outlined in the solicitation response, or to remove services as the State desires;
- State reserves the right to work with Contractor to customize fields within the system to meet State needs.
  - For any work performed at MDOC facilities, employees working under the direction and control of Contractor must pass a background check by State staff before admission onto the secure grounds will be allowed.
- Storage: All call detail records must be stored on-line and available for retrieval by authorized users at the system workstation or at authorized remote computers for the entire duration of the contract. Call data should be stored at a minimum for two years on-line and four years off-line. Flagged calls and visits by investigative staff must be kept for the life of the contract. Video visits will be stored for a mutually agreed upon timeframe. Video visits flagged by investigative staff must be kept for the life of the contract, and available for download by State staff prior to the end of the contract.

**2.8 System Equipment.** The system's controlling and visit processing equipment shall be housed and maintained at a location provided by the Contractor. The system's controlling and visit processing equipment shall be continuously monitored and maintained by the Contractor's trained personnel. Equipment shall be new and unused. Equipment classified as demonstrators, refurbished, prototype or discontinued are not acceptable. The equipment shall be the latest model offered and must be tried, proven and in current use. The Contractor shall provide all mounting devices, carousels, hardware, any applicable software, and maintenance.

**2.9 Security and System Integrity Requirements.** All services provided by the Contractor shall be hosted in a manner that the State of Montana has no responsibility for the database or the technical infrastructure and associated processes and procedures. The database must be accessible through the Web and must be secure. The Contractor must prevent unauthorized access to the system. The hosting services description shall document that the system is accessible through a web-enabled personal computer by accessing the Contractor's computer system(s) via the Internet.

All of the personal information shall be kept safe and protected, regardless of its confidentiality. All personal information used by or available to the contractor, its employees, its subcontractors, and the employees of its subcontractors must be kept confidential and shared by no one for any reason.

The solution shall provide data integrity, validation and verification. It shall ensure the integrity of the data from the time it leaves the user's entry point until it is recorded in the database, as well as when the information is provided for reporting and analysis.

**2.10 Separate Data Network.** All system traffic is to be on a separate physical data network. No portion of the States data network resources shall be used for system infrastructure.

### **3. WARRANTIES**

**3.1 Warranty For Services.** Contractor warrants that it performs all services using reasonable care and skill and according to its current description (including any completion criteria) contained in this Contract. State agrees to provide timely written notice of any failure to comply with this warranty so that Contractor can take corrective action.

**3.2 Warranty for Hardware.** Contractor warrants that hardware provided is free from defects in materials and workmanship and conforms to the specifications. The warranty period for provided hardware is a fixed period commencing on the date specified in a statement of work or applicable Contract. If the hardware does not function as warranted during the warranty period and Contractor is unable to either: i) make it do so; or ii) replace it with one that is at least functionally equivalent, State may return it to Contractor for a full refund.

The parties agree that the warranties set forth above do not require uninterrupted or error-free operation of hardware or services unless otherwise stated in the specifications.

These warranties are State's exclusive warranties and replace all other warranties or conditions, express or implied, including, but not limited to, the implied warranties or conditions of merchantability and fitness for a particular purpose.

#### **4. COSTS AND COMMISSION**

**4.1 Costs.** The costs and expenses of providing the Services, including but not limited to installation charges, materials and labor costs, shall be the sole responsibility of the Contractor and shall not be charged to State except as otherwise expressly provided for.

**4.2 Commission.** Contractor shall pay to State, commissions in connection with the telephone usage at each Facility. Monthly Commission payments of twenty-three thousand dollars (\$23,000). Contractor shall be responsible for maintaining records sufficient to permit the proper determination of commissions due to State. Contractor shall send a statement to State setting forth the current commissions due to State.

**4.3 Rates.** MDOC understands that the rates shown below are exclusive of Federal, State, Local Taxes, Tariffs and Regulatory Fees. It is understood that these taxes/fees will be charged as a pass-through from the taxing/regulating agency to the called party and that no commission will be paid on these items.

#### **Telephone Call Rate per minute \$0.143**

Base phone rate - \$.036/min

Location Based Services - \$.001/min

Argus Voice Biometrics - \$.002/min

Portable Cell Phone Detection - \$.002/min

ShawnTech Cell Phone Detection - \$.028/min (provides for 2 cell assessments per year. If phone minutes are below 6.7 million for the prior year, one will be provided)

Keefe Tablet Solution free with purchase of Edovo tablet solution\*

Edovo Tablet Solution (free to inmates to check out) - \$.074/min

#### **\* Keefe Song and Device Costs**

- Per Song Download is \$2.00/song
- Tablet Costs, for purchase by inmates, not the responsibility of the Department – 8GB = \$109.99 and 40GB = \$129.95

**30-minute video visitation \$4.50.**

#### **5. CONTRACTOR REGISTRATION (for construction)**

The Contractor will be registered with the Department of Labor and Industry under sections 39-9-201 and 39-9-204, MCA, prior to contract execution. The State cannot execute a contract for construction to a Contractor who is not registered (39-9-401, MCA).

#### **6. PREVAILING WAGE REQUIREMENTS**

**6.1 Montana Resident Preference.** The nature of the work performed, or services provided, under this Contract meets the statutory definition of a "public works contract" in 18-2-401, MCA. Unless superseded

ATTACHMENT 1

Shorten, Tina <tshorten@mt.gov>

12/8/1  
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to me

Ms. Schwend, see below the information I received from the Dept. of Corrections. Their response explains how this upcoming rate is in compliance with HB 426.

Tina.

Tina,

The department is no longer using GlobalTel/Telmate for phone services. The department has a contract with CenturyLink and the current call rate is \$.038/minute. The call rate will increase to \$.14/minute in January or February 2018 because additional services will be added including free use of tablets for inmates and investigative tools.

Most calls are directly debited from inmate trust accounts and therefore are not considered pre-paid accounts. Families may set up pre-paid accounts but the most they will be charged once the additional services are added is \$.14/minute with no connect fee. This rate falls within the parameters of HB 426 due to the fact that the department issued an RFP for these services and this was the lowest rate offered by the providers in the industry and shows that the department did its due diligence under the "to the extent feasible" clause in the bill.

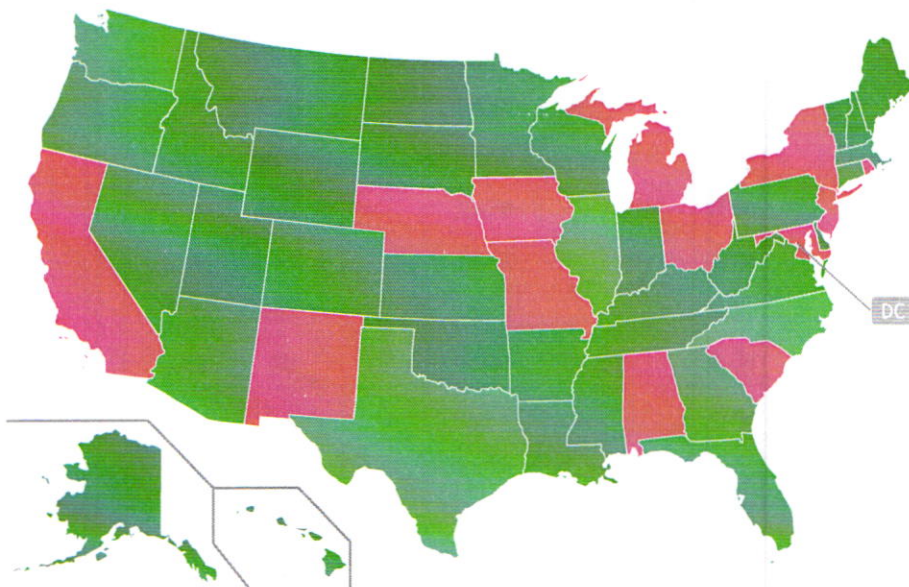
Thank you,

Montana Department of Corrections

#4

Also please visit the Campaign for Prison Phone Justice (<http://www.phonejustice.org>) site, which includes resources for getting involved in this issue as an advocate or activist.

**Inmate Calling Service (ICS) phone rates are in a state of flux as the result of two partial stays issued by a Federal Court of Appeals in a lawsuit challenging an order issued by the Federal Communications Commission (FCC) in late 2015 that included rate caps and other reforms. The lawsuit was filed by Global Tel\*Link, Securus, and Telmate, so those companies can continue the practice of price gouging prisoners and their families. As a result of the court-issued stays, the FCC's 2015 rate caps have NOT gone into effect. The posted rates below reflect the most recent information we have, but may not be the current rates for phone calls made from some state prison systems. Please check with the appropriate prison system or ICS service provider for current rates.**



◆ State	◆ Kickbacks paid by families	◆ Kickback percentage	◆ Cost of 15 min call	◆ Rank for call affordability
Federal Bureau of Prisons (/state/BOP/)	No kickbacks.	N/A	\$3.75	44th
Alabama (/state/AL/)	No kickbacks.	N/A	\$3.75	44th
Alaska (/state/AK/)	\$85,438.58	7-32.1%	\$3.75	44th
Arizona (/state/AZ/)	\$4,314,062.50	93.9%	\$3.60	41st
Arkansas (/state/AR/)	\$2,010,223.57	73-79%	\$4.80	48th
California (/state/CA/)	No kickbacks.	N/A	\$2.03	28th
Colorado (/state/CO/)	\$3,261,382.59	49%	\$1.80	26th
Connecticut (/state/CT/)	\$4,212,201.86	68%	\$4.87	49th
Delaware (/state/DE/)	\$998,380.04	30%	\$0.60	4th
Florida (/state/FL/)	\$5,156,269.19	35%	\$2.10	30th
Georgia (/state/GA/)	\$5,316,672.82	60%	\$2.55	34th
Hawaii (/state/HI/)	\$100,325.32		\$3.15	39th
Idaho (/state/ID/)	\$1,441,051.81		\$1.65	19th
Illinois (/state/IL/)	\$6,553,699.28	76%	\$3.63	43rd
Indiana (/state/IN/)	\$1,696,977.76	43%	\$3.60	41st
Iowa (/state/IA/)	No kickbacks.	N/A *	\$1.65	19th
Kansas (/state/KS/)	\$2,360,000.00	68.2%	\$2.70	35th
Kentucky (/state/KY/)	\$2,796,139.46	54%	\$5.70	51st
Louisiana (/state/LA/)	\$3,044,009.33	70%	\$3.15	39th
Maine (/state/ME/)	\$367,231.71	60-100%	\$5.30	50th
Maryland (/state/MD/)	No kickbacks.	N/A *	\$0.52	3rd
Massachusetts (/state/MA/)	\$3,531,457.53	*	\$1.50	16th
Michigan (/state/MI/)	No kickbacks.	N/A	\$3.00	37th
Minnesota (/state/MN/)	\$1,594,908.70	59%	\$0.75	10th
Mississippi (/state/MS/)	\$1,651,805.23	60%	\$1.65	19th
Missouri (/state/MO/)	No kickbacks.	N/A	\$1.75	24th
Montana (/state/MT/)	\$276,000.00	25%	\$2.04	29th
Nebraska (/state/NE/)	No kickbacks.	N/A	\$0.19	1st
Nevada (/state/NV/)	\$2,706,372.51	54%	\$2.10	30th
New Hampshire (/state/NH/)	\$348,000.00		\$0.68	7th
New Jersey (/state/NJ/)	No kickbacks.	N/A	\$0.66	6th
New Mexico (/state/NM/)	No kickbacks.	N/A	\$1.20	13rd
New York (/state/NY/)	No kickbacks.	N/A	\$0.72	9th
North Carolina (/state/NC/)	\$7,627,426.11	58%	\$1.50	16th
North Dakota (/state/ND/)	\$97,856.12	40%	\$1.20	13rd
Ohio (/state/OH/)	No kickbacks.	N/A *	\$0.75	10th

◆ State	◆ Kickbacks paid by families	◆ Kickback percentage	◆ Cost of 15 min call	◆ Rank for call affordability
Oklahoma (/state/OK/)	\$1,017,657.90		\$3.00	37th
Oregon (/state/OR/)	\$3,000,000.00		\$2.40	32nd
Pennsylvania (/state/PA/)	\$3,470,852.00	59-60%	\$0.90	12nd
Rhode Island (/state/RI/)	No kickbacks.	N/A	\$0.70	8th
South Carolina (/state/SC/)	No kickbacks.	N/A	\$1.50	16th
South Dakota (/state/SD/)	\$454,360.50	33-38%	\$1.20	13rd
Tennessee (/state/TN/)	\$2,595,417.00	50%	\$2.40	32nd
Texas (/state/TX/)	\$6,760,593.15	40%	\$3.90	47th
Utah (/state/UT/)	\$765,858.16	55%	\$2.85	36th
Vermont (/state/VT/)	\$410,513.74		\$1.76	25th
Virginia (/state/VA/)	\$3,794,747.49	35%	\$0.62	5th
Washington (/state/WA/)	\$5,100,000.00	51%	\$1.65	19th
West Virginia (/state/WV/)	\$965,711.60	46%	\$0.48	2nd
Wisconsin (/state/WI/)	\$1,197,868.59	30%	\$1.80	26th
Wyoming (/state/WY/)	\$604,859.00	65.5%	\$1.65	19th

### Key Prison Phone Documents

PLN Dec. 2013 cover story on the prison phone industry (/media/issues/12pln13.pdf)

PLN April 2011 cover story on the prison phone industry (/media/issues/04pln11.pdf)

HRDC comment to FCC re WA phone rates Sept. 2014

(/media/publications/FCC%20comment%20re%20WA%20jail%20rates%209-18-14.pdf)

HRDC response to PayTel comments Jan. 2014

(/media/publications/HRDC%20reply%20comment%20to%20FCC%201-13-14.pdf)

HRDC comment to FCC on FNPRM Dec. 2013

(/media/publications/HRDC%20FCC%20comments%2012-20-13.pdf)

HRDC comment to FCC on NPRM March 2013

(/media/publications/HRDC%20comments%20to%20FCC%20final%203-25-13.pdf)

HRDC reply comment to FCC on NPRM April 2013

(/media/publications/HRDC%20reply%20comment%20to%20FCC%204-22-13%20FINAL.pdf)

HRDC response to Global Tel comments Oct. 2012

(/media/publications/HRDC%20FCC%20ex%20parte%20comment%2010-8-12.pdf)

HRDC initial comment to FCC April 2007

(/media/publications/HRDC%20FCC%20comment%202007.pdf)

FCC Second Further Notice of Proposed Rulemaking - Oct. 2014

(/media/publications/FCC%20Second%20Further%20Notice%20of%20Proposed%20Rulemaking%20WC%20Docket%20No%2012-375.pdf)

FCC Order and Further Notice of Proposed Rulemaking - Sept. 2013

(/media/publications/FCC%20Order%20on%20Inmate%20Calls%20Sept.%202013.pdf)

FCC Notice of Proposed Rulemaking - Dec. 2012  
(/media/publications/fcc\_wright\_petition\_notice\_of\_proposed\_rulemaking\_12-28-12.pdf)

### Prison Phone Related News

## Maine DOC's Dirty Trick in Prisoner Lawsuit Challenging Food and Phone (/news/2017/dec/26/maine-docs-dirty-trick-prisoner-lawsuit-challenging-food-and-phone/)

Loaded on DEC. 26, 2017 by Christopher Zoukis (/news/author/christopher-zoukis/)

Filed under: Food ([https://www.prisonlegalnews.org/search/?selected\\_facets=tags:Food](https://www.prisonlegalnews.org/search/?selected_facets=tags:Food)), Telephones (/search/?selected\_facets=tags:Telephones). Location: Maine (/search/?selected\_facets=locations:1492).

**by Christopher Zoukis**

The legal eagles at the Maine Department of Corrections have successfully okie-doked prisoner Kevin J. Collins out of \$150 in his lawsuit challenging food services and the prison's telephone system.

Collins filed his lawsuit appealing the denial of his grievances in December 2012. He alleged indignity ...

Read more... (/news/2017/dec/26/maine-docs-dirty-trick-prisoner-lawsuit-challenging-food-and-phone/)

## WA: Jail Phone Conversations Not Private, May Be Used By Prosecutors (/news/2017/dec/13/wa-jail-phone-conversations-not-private-may-be-used-prosecutors/)

Loaded on DEC. 13, 2017

Filed under: Jail Specific ([https://www.prisonlegalnews.org/search/?selected\\_facets=tags:Jail%20Specific](https://www.prisonlegalnews.org/search/?selected_facets=tags:Jail%20Specific)), Privacy Act ([https://www.prisonlegalnews.org/search/?selected\\_facets=tags:Privacy%20Act](https://www.prisonlegalnews.org/search/?selected_facets=tags:Privacy%20Act)), Telephone Monitoring (/search/?selected\_facets=tags:Telephone%20Monitoring). Location: Washington (/search/?selected\_facets=locations:1523).

On July 25, 2016, the Washington State Court of Appeals, Division One, held that neither a prisoner or the person on the other end of the phone have an expectation of privacy in a jail phone call and that conversation can be used as evidence in a prosecution against ...

Read more... (/news/2017/dec/13/wa-jail-phone-conversations-not-private-may-be-used-prosecutors/)

## Georgia Prison Contraband Investigation Nets 130 Arrests, Guilty Pleas (/news/2017/nov/7/georgia-prison-contraband-investigation-nets-130-arrests-guilty-pleas/)

Loaded on NOV. 7, 2017 by David Reutter (/news/author/david-reutter/) published in Prison Legal News November, 2017 (/news/issue/28/11/), page 52

Filed under: Crime ([https://www.prisonlegalnews.org/search/?selected\\_facets=tags:Crime](https://www.prisonlegalnews.org/search/?selected_facets=tags:Crime)), War on Drugs ([https://www.prisonlegalnews.org/search/?selected\\_facets=tags:War%20on%20Drugs](https://www.prisonlegalnews.org/search/?selected_facets=tags:War%20on%20Drugs)), Telephones (/search/?selected\_facets=tags:Telephones). Location: Georgia (/search/?selected\_facets=locations:1482).

**by David M. Reutter**

About 130 people have been arrested following a joint two-year investigation by the FBI and the Georgia Department of Corrections (GDOC). Indictments for 75 of the arrestees were announced in September 2015; another 46 indictments, all involving current or former prison employees, were reported in February ...

Read more... (/news/2017/nov/7/georgia-prison-contraband-investigation-nets-130-arrests-guilty-pleas/)

## \$250,000 Paid By Virginia Jail to Settle Deaf Prisoner Suit (/news/2017/nov/7/virginia-jail-pays-250000-settle-suit-failure-accommodate-deaf-prisoner/)

Loaded on NOV. 7, 2017 published in Prison Legal News November, 2017 (/news/issue/28/11/), page 47

Filed under: Deaf Prisoners ([https://www.prisonlegalnews.org/search/?selected\\_facets=tags:Deaf%20Prisoners](https://www.prisonlegalnews.org/search/?selected_facets=tags:Deaf%20Prisoners)), Jail Specific ([https://www.prisonlegalnews.org/search/?selected\\_facets=tags:Jail%20Specific](https://www.prisonlegalnews.org/search/?selected_facets=tags:Jail%20Specific)), Telephone Access (/search/?selected\_facets=tags:Telephone%20Access). Location: Virginia (/search/?selected\_facets=locations:1522).

#5



AN ACT PROTECTING PREPAID TELEPHONE ACCOUNTS USED BY INMATES IN STATE PRISONS FROM EXPIRATION; REQUIRING CONDITIONS OF USE AND DISCLOSURE; PROVIDING RULEMAKING; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1. Telephone account requirements for state prisons -- protected accounts -- disclosure required -- rulemaking -- definitions.** (1) A state prison that contracts with a telecommunications service provider to provide telecommunications services for inmates shall, to the extent feasible, contract with a telecommunications service provider to provide communications services for inmates that:

- (a) provides public safety precautions required by the department of corrections;
- (b) prohibits expiration of prepaid minutes or charges;
- (c) does not charge additional usage or dormancy fees;
- (d) does not charge excessive intrastate fees that are greater than 10 cents a minute;
- (e) does not require monthly usage fees; and
- (f) allows rollover of unused, prepaid minutes into the next month unless the inmate for whom the account was set up is no longer able to use the telephone account, whether for disciplinary reasons or other reasons specified by department rule. No refund is required for unexpired minutes subject to this subsection (1)(f).

(2) Every contract entered into by a state prison for communications services under subsection (1) must require the telecommunications service provider to notify the purchaser of a prepaid telephone account of any fees or refunds that are available for unused minutes on a prepaid telephone card and mail the refund to the purchaser's address of record.

(3) The department of corrections has rulemaking authority to implement this section and shall notify the public service commission of the allowable rate that a telecommunications service provider may charge for intrastate calls under contract with the department of corrections.

(4) For purposes of this section, the following definitions apply:

(a) "Prepaid telephone account" means a system, whether purchased as a calling card or set up as an account with a telecommunications service provider to provide telephonic connections in which the purchaser pays for minutes prior to use. The term does not include a lifeline account, defined under 47 CFR 54.401, for which a telecommunications carrier receives universal service support.

(b) "State prison" has the meaning provided in 53-30-101(3)(c)(i) through (3)(c)(iii) and (3)(c)(v).

(c) "Telecommunications service provider" has the meaning provided for "operator service provider" in 69-3-1102.

**Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 53, chapter 30, part 1, and the provisions of Title 53, chapter 30, part 1, apply to [section 1].

**Section 3. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

**Section 4. Effective date.** [This act] is effective July 1, 2017.

- END -